

Message Text

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ORIGIN STR-04

INFO OCT-01 ARA-06 EUR-12 EA-07 IO-11 ISO-00 EB-07 SP-02

AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 OMB-01 CEA-01

L-03 FRB-03 TAR-01 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 /104 R

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FM SECSTATE WASHDC

TO AMEMBASSY ROME PRIORITY

AMEMBASSY MADRID PRIORITY

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY TAIPEI PRIORITY

AMEMBASSY SEOUL PRIORITY

INFO AMEMBASSY TOKYO PRIORITY

USDEL MTN GENEVA PRIORITY

USMISSION EC BRUSSELS PRIORITY

AMCONSUL FLORENCE PRIORITY

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E.O. 11652:N/A

TAGS: ETRD

SUBJECT: ITC FOOTWEAR CASE

1. SUMMARY. CONSULTATIONS WERE CONCLUDED IN NOVEMBER WITH KEY FOOTWEAR SUPPLYING COUNTRIES TO EXPLAIN NATURE OF U.S. INTERNATIONAL TRADE COMMISSION FOOTWEAR ESCAPE CLAUSE CASE AND THE POTENTIAL IMPACT THAT PRESIDENTIAL ACTION IN THIS CASE COULD HAVE ON TRADE OF ADDRESSEE COUNTRIES.

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USITC COMPLETED EXTENSIVE HEARINGS IN CONNECTION WITH THE

ESCAPE CLAUSE INVESTIGATION IN DECEMBER, WITH LENGTHY PRESENTATIONS BEING MADE BY THE DOMESTIC PRODUCERS, IMPORTING INTERESTS, AND REPRESENTATIVES OF EXPORTING COUNTRIES OR INDUSTRIES. POSTS ARE REQUESTED TO OBTAIN ADDITIONAL INFORMATION DESCRIBED BELOW. END SUMMARY.

2. DISCUSSIONS HAVE BEEN HELD WITH GOVERNMENT OFFICIALS IN TAIPEI, SEOUL, TOKYO, AND ROME, AS WELL AS WITH BRAZILIAN AND SPANISH OFFICIALS VISTING WASHINGTON (DORNELLES; AND BASSOLS AND QUINTANA). FURTHER DISCUSSIONS WERE ALSO HELD WITH TAIWANESE OFFICIALS Y.T. WANG AND T.W. HU IN WASHINGTON FOLLOWING CONSULTATION TEAM VISIT TO TAIPEI. THESE DISCUSSIONS PROVIDED AN OPPORTUNITY FOR INFORMING EXPORTING COUNTRIES OF THE NATURE OF THE USITC FOOTWEAR CASE, AND THE RANGE OF OPTIONS OPEN TO THE PRESIDENT IF AN

AFFIRMATIVE DECISION OF IMPORT RELATED INJURY IS FOUND BY THE COMMISSION. IN EACH CASE, THOSE CONSULTED INDICATED AN OPENNESS TO HAVING FURTHER DISCUSSIONS ON THIS SUBJECT. RECENT ATTENTION HAS FOCUSED ON THE ITC HEARINGS WHICH OPENED DECEMBER 2 IN WASHINGTON. THE ITC DETERMINATION IS DUE TO BE RECEIVED BY THE PRESIDENT NOT LATER THAN FEBRUARY 20, AND MAY BE READY A WEEK OR TWO IN ADVANCE OF THAT DATE.

3. AT THE ITC HEARINGS, THE DOMESTIC INDUSTRY SHOWED GRAPHICALLY THE STEEP DECLINE IN DOMESTIC PRODUCTION, THE DECLINE IN NUMBER OF DOMESTIC PLANTS, THE GENERALLY STEADY INCREASE IN LEVEL OF IMPORTS, AND OTHER INDICATIONS OF INJURY. THE DOMESTIC PRODUCERS ATTRIBUTED THIS PRIMARILY TO WAGE RATE DIFFERENTIALS. REPRESENTATIVES OF EXPORTING COUNTRIES ATTRIBUTED THE INCREASING SHARE OF IMPORTS OF THE DOMESTIC MARKET, CURRENTLY 43 PERCENT, TO STYLE, GREATER AVAILABILITY OF IMPORTED SHOES, AND COMPARATIVE ADVANTAGE. IMPORTERS CLAIM THAT IMPORTS WERE NOT DISRUPTIVE AND THAT THE RELIEF REQUESTED BY THE INDUSTRY,

WHICH WAS TO RETURN TO AN IMPORT PENETRATION OF 21.5 PERCENT THAT EXISTED IN 1968, WOULD LEAD TO DISLOCATIONS OF THE DOMESTIC MARKET. CONSUMER INTERESTS TESTIFIED THAT LIMITED OFFICIAL USE

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THE RELIEF REQUESTED BY THE DOMESTIC INDUSTRY WOULD CAUSE SHARP INCREASES IN THE PRICE OF DOMESTIC FOOTWEAR.

4. ADDRESSEE POSTS ARE REQUESTED TO OBTAIN HOST GOVERNMENT PROJECTIONS OF 1976-77 EXPORTS TO THE UNITED STATES ANTICIPATED IN THE ABSENCE OF RESTRAINTS, AND OFFICIAL HOST GOVERNMENT EXPORT DATA FOR ALL NONRUBBER FOOTWEAR FOR RECENT YEARS (IF AVAILABLE, BACK TO THE YEAR 1968).

INFORMATION DESIRED BY JANUARY 23, TO ALLOW FOR INTER-
AGENCY CONSIDERATION. KISSINGER

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Disposition Authority: morefirh
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Margaret P. Grafeld
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